NPTA MANAGEMENT NEWS

AUGUST 1986

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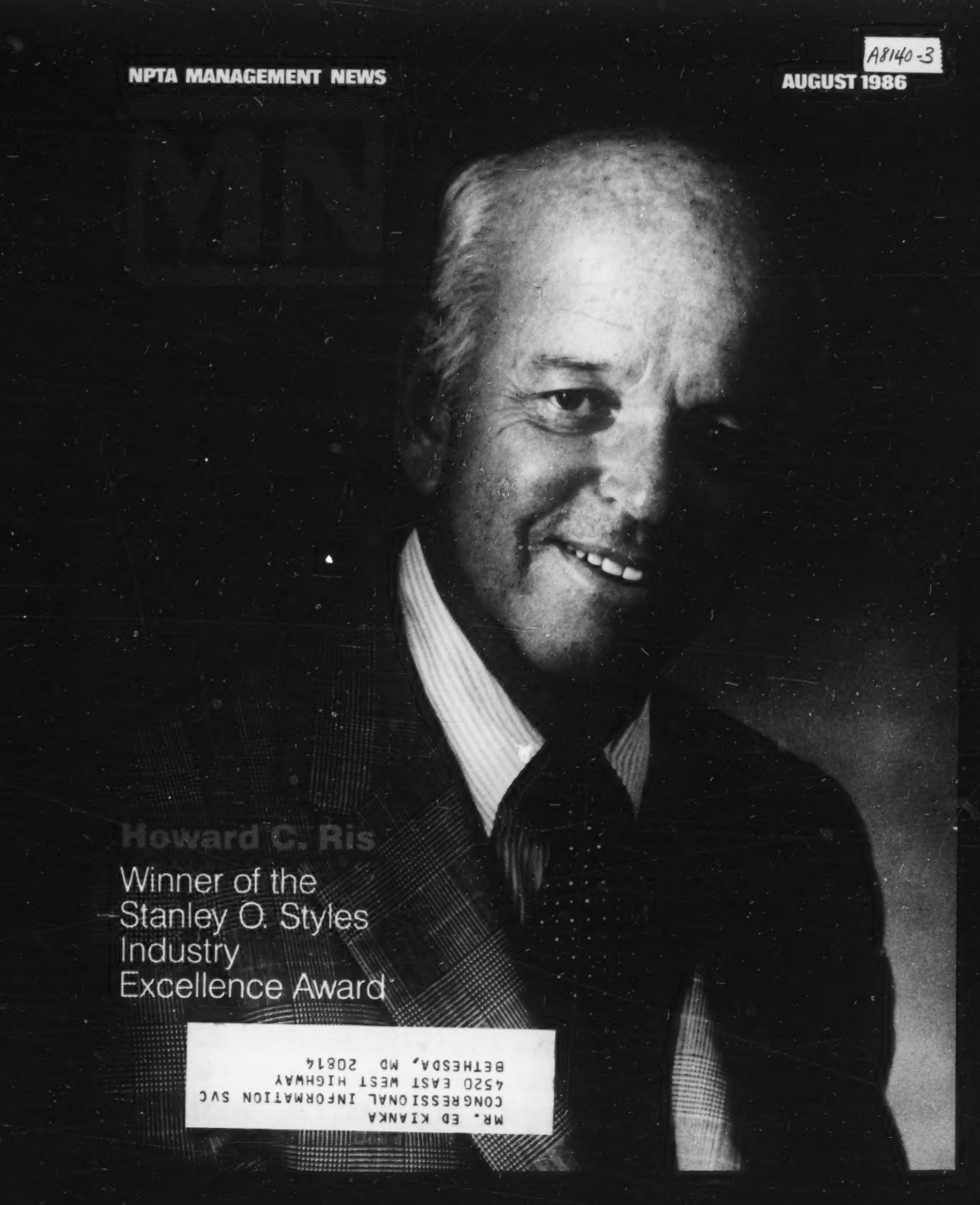

Howard C. Ris

Winner of the Stanley O. Styles Industry Excellence Award

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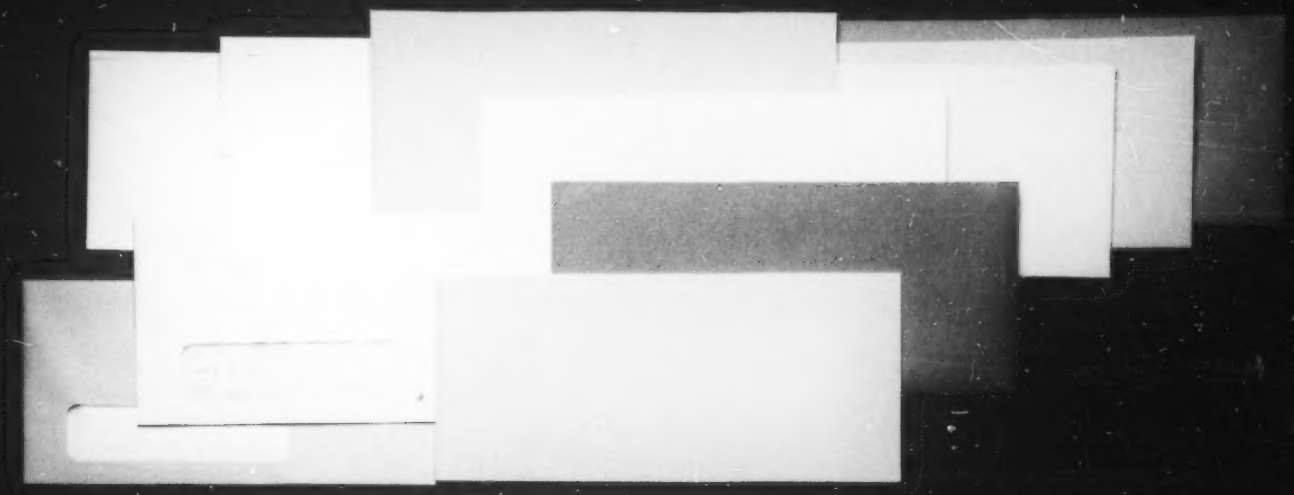

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National Envelope Group
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St. Louis, MO; Worcester, MA

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MN
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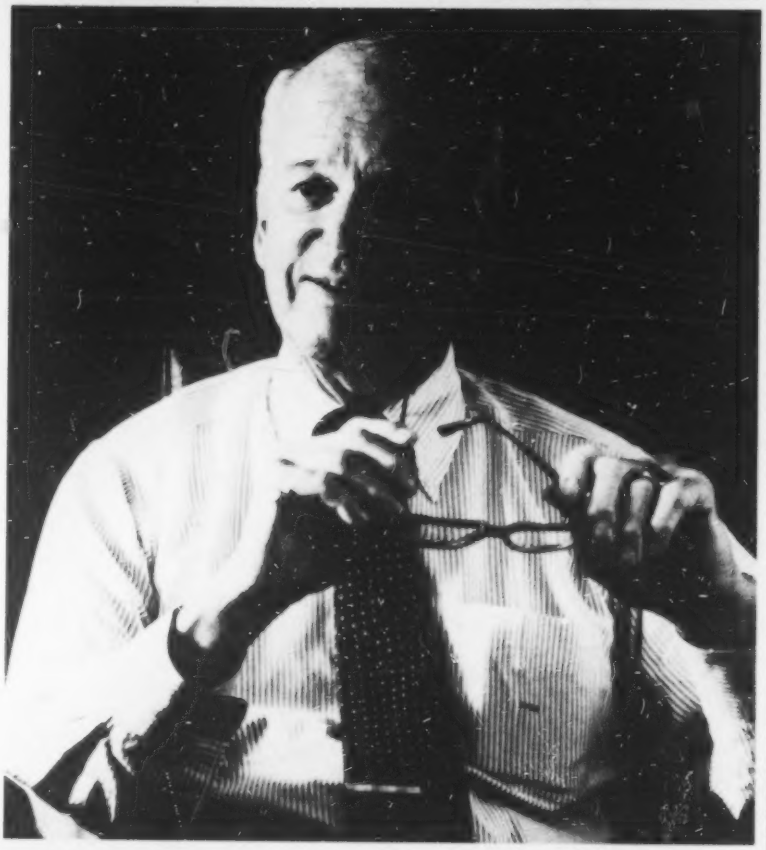

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COVER PHOTO: Gloria Baker

MEAD TO ACQUIRE ZELLERBACH'S PAPER NETWORK

In a move that will more than double its nationwide paper products network, Mead Corp. will acquire the distribution division of James River Corp.'s Crown-Zellerbach unit for $250 million. This will supplement Mead's distribution system, now located largely in the midwest, by adding the West and South from Zellerbach's facilities in 42 cities.

Burnell R. Roberts, Mead's chairman and CEO, said the acquisition "will have minimal impact on this year's business," though in the long run, it will help insulate profits from the highly cyclical manufacturing business.

James River, producer of sanitary paper products, communication paper, flexible packaging and others, said the distribution business did not "fit its long-term strategies," and that resources will be redirected from distribution into the core manufacturing business.

NEWS BRIEFS

GEORGIA-PACIFIC has opened a new Midwest sales office in Cincinnati. The Alliance Road office will be headed by George E. VanLieu, Midwest regional manager, merchant sales.

CENTURY PAPERS of Houston, TX reported earnings for their fiscal year that ended March 31, 1986 at $507,000 on sales of $122.4 million. Compared with the previous year, sales were up 18.4% but earnings dropped 48.7%.

CORDAGE PAPERS announced the official winners of their first "Northeast Ohio Cordage Papers Specifier Competition." Winners were selected in four areas: Corporate Communications, Product Promotion, Shot Runs, and Participation. The competition was developed and sponsored by Cordage Papers of Cleveland to "emphasize the key role that designers and purchasers of print collateral should play in paper specification."

PENTAIR AND MINNESOTA POWER have signed a $360 million financing agreement for their joint venture, Lake Superior Paper Industries. The mill, to be built in Duluth, is scheduled to start up in late 1987.

SCOTT PAPER AND MEAD'S Brunswick Pulp & Paper Company has sold its 26% interest in British Columbia Forest Products Limited to Gordon Capital Corp. of Toronto.

STRATHMORE PAPER COMPANY recently completed its annual marketing

WHAT WOULD YOU CALL A PRODUCT THAT DRAWS NEW BUSINESS FROM YOUR OLD CUSTOMERS?

meeting at the Strathmore Lodge in Woronoco, MA. Speaking of the merchants that sell their products, David E. Rousse, marketing manager for the company's Printing Paper Division, said "We rely heavily on the recommendations presented at these marketing committee meetings when we formulate our plans for the coming months."

THE DOWD COMPANY of Woburn, MA is now part of the Hammermill Paper Company through an exchange of stock. The existing Dowd Company management will continue running the company.

WALKER WIENER ASSOCIATES has entered into an agreement with the *Journal of Commerce* to report activity on the importation of paper and related items into their PIERS (Port Import Export Reporting Service) database. The new service is now being made available to the paper industry.

MN CELEBRATES its second anniversary as a magazine. In the short time since it changed its format from a newsletter, it has provided readers nearly 1,000 pages of useful management material.

CAP INTERNATIONAL is the new name for the industry research firm of C.A. Pesko. The company is the largest supplier of market information on the electronic imaging industry.

FREEMAN PAPER COMPANY has appointed Steve Slough & Associates to represent their products in the State of Virginia and Vic Tanenholz to handle Baltimore/Washington and Delaware.

HOWARD PAPER MILLS launched a new promotion for their linen stock using a comic book printed on the paper that features "Howard Linen and his dog Typo." It is aimed at art directors.

NPTA SEEKS NOMINATIONS FOR BOARD

The National Paper Trade Association announced that nominations are now being accepted for its board of directors. Frank Viegas, nominating committee chairman and president of The Dowd Company reports that nominations will be accepted through August 29, 1986.

Nominations should be in writing giving the background on the nominee and forwarded to Mr. Viegas care of the NPTA headquarters office: 111 Great Neck Road, Great Neck, NY 11021.

In addition to Frank Viegas, there are two other members of the nominating committee: Lionel Eltis, president of the Paper Shack and Container Stores and Walter Moore, president of Unijax, Inc.

The Association's board is made up of 17 industry leaders. For 1986/1987, four

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SALES MANAGEMENT

IMPROVE THE EFFECTIVENESS OF YOUR NEXT SALES MEETING

The productivity of sales meetings can be enhanced enormously by following some of these simple guidelines. To test the effectiveness of these ideas, pick *one* and use it in your next sales meeting. See what happens!

1. First determine if your meeting is really necessary. Is it a routine, habitual meeting, or does it have a clearly defined purpose? If you really don't need to have a meeting, skip it.

2. Once you've decided the meeting is necessary, preset objectives. Exactly what do you hope to accomplish? Prepare the agenda with these goals in mind.

3. Appoint a talented and experienced moderator for the meeting. Moderating can be a tough job—order and a smooth flow of ideas must be maintained.

4. Provide attendees with information they will need well in advance of the meeting. Prepared attendees will participate more actively in sales meetings.

5. Make sure to invite everyone who will benefit from the meeting; don't invite those who won't benefit.

6. Select a meeting site free from distractions; take every possible step to ensure that unessential interruptions don't occur.

7. Make sure meetings start and end on time.

8. Be sure to keep discussions on course. Digression and rambling are big time-wasters and bore attendees.

9. Take action on and make commitments to the beneficial ideas that are born at your meetings. Too many meetings end up as no more than memories of good intentions.

10. Be sure to summarize the results of your meetings so that any conclusions reached, assignments made, etc. can be handed out.

11. Analyze every meeting to determine if your goals were met and to evaluate cost effectiveness.

—Sales and Marketing Executive Report

NEWS MAKERS

SBS NEW NAME KEEPS UP WITH TIMES

Old name was out of date, misleading, reports company president

A. Brian Macaulay

Many customers have taken it upon themselves over the years to shorten the name of Sugar Beet Products to SBS, reports company president A. Brian Macaulay. He felt it was time to do it officially.

"Actually," he said, "our former name was a bit misleading since none of our skin care products were ever made from sugar beets!" So then, where did the name come from? It seems that Robert Montague Sr. founded the company some 75 years ago and developed a powdered soap that could safely remove heavy shop grime. Montague's formula, SBS-11 Safe Cleaning Soap, was so successful that it completely changed the direction of the company.

Interestingly, by the 1920s, the use of sugar beets in the company's products ended . . . but the name persisted until it was changed in May of this year.

Today, SBS Products is a subsidiary of the Andrew Jergens Company offering a complete line of cleaning, medicated and protective skin care products for industrial, commercial and medical use.

members will be elected to serve three year terms on the Association's board and a new treasurer will also be chosen. All elections will take place during the NPTA Convention on September 14, 1986 at the Annual Business Meeting at 11:30 a.m.

Selections will also be made to fill terms on the Association's seven committees. All those interested in committee work should contact John J. Buckley, Jr., president at NPTA headquarters for details.

PEOPLE IN THE NEWS

Joseph L. Marchione has been appointed marketing manager/business papers for the CDA Distributors Division of Hammermill.

Richard G. McGann has been promoted to the position of industrial marketing manager of Rourke-Eno Paper Company.

S. Walter Levine has been named senior vice president of marketing and national accounts for Halper Bros., Inc. **Harvey Kessler** has become vice president sales and marketing for the company.

Charles W. Meyer has been appointed fine paper sales manager for the Seattle Division of Unisource.

Sheldon "Shelly" Borus, former owner and president of Borus Paper, Garden City, NY, and Sandspoint Paper, NY, passed away on May 22. He was 55 years old.

Lawrence P. Smith has been named executive vice president of the Bemis Company's Nashua Blow Molding Division.

Bertha Wagner has been appointed district manager for the Printing Products Division of MACtac and will cover Southern California, Arizona and Southern Nevada.

D. Kent Tippy has been named vice

president, marketing and strategic planning for Avery International.

Al Winter has been appointed vice president-sales for DataCom.

Ronald Miller has been named manager, New York merchant sales for Penntech Papers, Inc.

Greg Krawchuk has been promoted to dealer account executive for the Northeastern Region of American Fiber-Velope.

Brian W. Davis has been elected assistant treasurer and **Patrick R. Norha** has been named assistant secretary of Potlatch.

Earl E. Brotherton has been named president of Gaylord Container, the former container business of Crown Zellerbach.

SCOTT PAPER CO. TO SELL CUT-RITE

The Reynolds Metals Company of Richmond, VA, will purchase Scott Paper Company's Cut-Rite brand of wax paper. Under the terms of the sale, Reynolds will acquire the world-wide rights to the brand name except in Canada.

Scott indicated that the decision to sell the Cut-Rite brand is consistent with the company's strategy of concentrating its resources on the parts of its business that fit its long-term growth objectives. While Cut-Rite has been and remains a profitable business, it does not fit Scott's long-term marketing focus, the company reported.

Scott said the gain from the sale of the Cut-Rite brand will more than offset a one-time charge associated with an early retirement program implemented by Scott during the second quarter. This program is estimated to have an effect on Scott's after-tax earnings in the second quarter of approximately $8 million, or $.22 per share.

The early retirement program, which is part of a continuing effort by Scott to improve its competitive position relative to costs, will have an ongoing positive impact on cash flow and will reduce the company's administrative expenses, Scott reported. The company indicated that more than half of the eligible 431 employees have elected to take the early retirement program.

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PAPER DISTRIBUTION INDUSTRY BEST SELLERS

Rank	Publication	Last Mo.
1	The U.S. Paper Distribution Industry: A Market Research Data Source. *NPTA.*	1
2	Implementing Successful Paper Marketing Programs. Video Tape and Guide. *NPTA.* $65.	2
3	The Practical Handbook of Warehousing. *Ackerman.* $40.	—
4	Increasing Profits Through Better Marketing. *Healy.* $35.	3
5	Practical Handbook of Distribution/Customer Service. *Blanding.* $40.	8
6	Automated Inventory Management for the Distributor. *Graham.* $35.	5
7	Strategic Planning: A Fitness Program for Wholesaler-Distributors. *Andersen.* $35.	4
8	Merchandising to Maximize Your Margins. *VanDeMark.* $25.	10.
9	Introduction to Wholesale Distribution. *Danenburg/ Moncrief/Taylor.* $35.	7
10	Harvest the Fruits of Paper Selection (Marketing Tool). *NPTA.* $.50 each.	6

ALL PUBLICATIONS ARE AVAILABLE FROM NPTA

New group of paper merchants graduates from NPTA's "Paper Distribution Management Development Program" at Miami University, Oxford, OH, on May 9, 1986.

Seated (L–R):
Reyburn Gove,
Bric Wheeler (MU),
Kathy Simms (MU),
E. C. Samuel,
Stacy McGinnis;

Standing (L–R):
Brett Mitchell,
Mike McGinnis,
John McNeill (MU),
Scott Rutzky,
Dean Bill Moeckel (MU),
Jim Milliken,
Gret Kestler,
Bruce Olson (MU),
Rick Eiseman.

ACCOUNTS RECEIVABLE PAYMENT PATTERNS: PAPER MERCHANTS VERSUS U.S.

Every three months, TRW's Information Services Division publishes a "Business Payment Index" that tracks accounts receivable payment patterns by various industries. Their first quarter 1986 report indicates a significant improvement in the current payment performance of U.S. business.

After adjustment for seasonal variation, the percentage of accounts receivable that are current soared to 78.2 in the first quarter, a level not seen since 1977 and early 1978. Falling inflation, moderate growth in the economy, and continued strong cash flow for most U.S. businesses have no doubt significantly contributed to this recent improvement in payments.

However, a disturbing trend since early 1984 has been the rising percentage of accounts receivable past due more than 60 days. The same pattern holds true for accounts seriously overdue—more than 90 days.

Below is 1984–86 information from TRW for paper distributors' accounts receivable payments.

According to the TRW report, in the wholesale trade sector only drug, marine supplies, photo equipment and truck dealer distributors had a higher percent of **current** receivables than *paper* distributors. But, from the table one can see that paper distributors' past due accounts are at or near two-year highs.

Accounts Receivable—In Percents
Paper Distributors

	1984			1985				1986
	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr
Current	67.4	73.5	65.4	65.1	66.9	68.5	68.8	66.0
1–30 days	20.1	16.0	19.7	21.4	19.9	19.1	18.8	19.8
Past Due 31–60	7.0	5.9	8.0	7.6	6.5	6.3	6.2	7.2
Past Due 61–90	2.0	1.9	2.3	2.4	2.5	2.0	2.3	2.7
Past Due 90 +	3.5	2.7	4.6	3.5	4.3	4.2	3.9	4.4

The TRW Business Payment Index is derived quarterly from information reported to them as a part of their nationwide, computerized business credit reporting service.

The data used in generating TRW reports come primarily from the automated accounts receivable information (the current and past due amount of money owed to a company by its customers) submitted to TRW every 30 to 90 days. More than 6,000 U.S. companies contribute to the data base, representing close to $35 billion in accounts receivable.

To obtain your personal copy of this TRW report, contact the Public Affairs Department of TRW Information Services, a Division of TRW Inc., Suite 920, One City Boulevard West, Orange, CA 92668; phone: 714–385–7506.

Continued on page 28

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PRINTING PAPER

'WORLD VIEW OF PAPER' EXPLORED AT NPTA CONVENTION

When Marshall McLuhan said that we all live in a "Global Village," he was speaking about the effects of instantaneous communication around the world in the 1960s. It draws everyone closer together. Sharing information on a global basis is much easier today.

The speed of world-wide communication has caused all global activities to heat up. A "World Market" has developed for many products and now it is difficult to look at production or distribution in just one country alone. These must be seen in the context of global affairs.

Paper moves around the world in ebbs and flows from producing countries to consuming countries. The world is growing smaller for both paper producers and their paper distributors. It is this picture that the Printing Paper Division of NPTA will present at the 1986 Convention on September 15 in Boston.

The program, "The World Report: A Global Look at Printing Paper," will be a two-hour review of the world-wide affairs of the paper community that affect U.S. paper distributors. As NPTA's chairman of the Printing Paper Division Fred Stabbert put it, "This program is designed to be a 'weather report' on the changing climate of the paper industry."

"The World Report" is just that—a report by experts who have specialized knowledge of how changes in other parts of the world are affecting the U.S. market today. In 1985, for example, the United States saw a 4.4% increase in paper imports which came on the heels of a strong 1984. Leading the way (excluding newsprint) were coated grades. The newly gained market position of imports in the American marketplace is likely to be maintained, reports Norman Wiener of Walker-Wiener Associates who specializes in the international paper scene. He will be one of the speakers at this special meeting on September 15.

Paper is moving to U.S. shores from many points on the globe. Much of it arrives here from Europe. Reporting on European activities will be Jack Pais, secretary general of EUGROPA—the Common Market organization of paper distributors. The European connection is as vital to many American paper merchants as it is to their suppliers on the Continent.

Beyond Europe are other important producing countries that have fueled the world market: Mexico, South America, the Pacific Basin, and of course, Canada. Reports on actions in these areas will be put in perspective.

The American paper mill position will be represented, as well, during this meeting by Robert E. McAvoy, president of S. D. Warren to provide greater understanding of how the U.S. is handling paper exports and is dealing with the growing volume of imports. "The World Report" will give the paper merchant a better understanding of global trends that affect him on the streets of America.

EVENTS

AUGUST

21–23. *Quick Print Expo sponsored by the National Association of Quick Printers, Hyatt Regency Hotel, Chicago, IL. Contact Philip Battaglia, Quick Print Expo Manager.*

SEPTEMBER

13–16. *NPTA Annual Convention and Paper/Plastics & Allied Products Exposition. Sheraton Boston Hotel, Boston, MA. Contact NPTA.*

OCTOBER

16. *Productive Opportunities for Paper Merchants. New York, NY. Contact NPTA.*

27–31. *Printech Week. Rochester Institute of Technology, Rochester, NY. Contact NPTA.*

NOVEMBER

3–4. *The Second International Unbleached Kraft Conference, Waldorf-Astoria Hotel in New York, NY. Contact* **Pulp & Paper** *magazine. 212-683-9294.*

10–15. *Paper Distribution Management Development Program. Miami University, Oxford, OH. Contact NPTA.*

16–23. *New York Paper Merchants Association's 1986 Seven Day Seminar & Cruise on board the Carnival Cruise Lines Superliner "Festivale." Contact NYPMA. 212-867-9660*

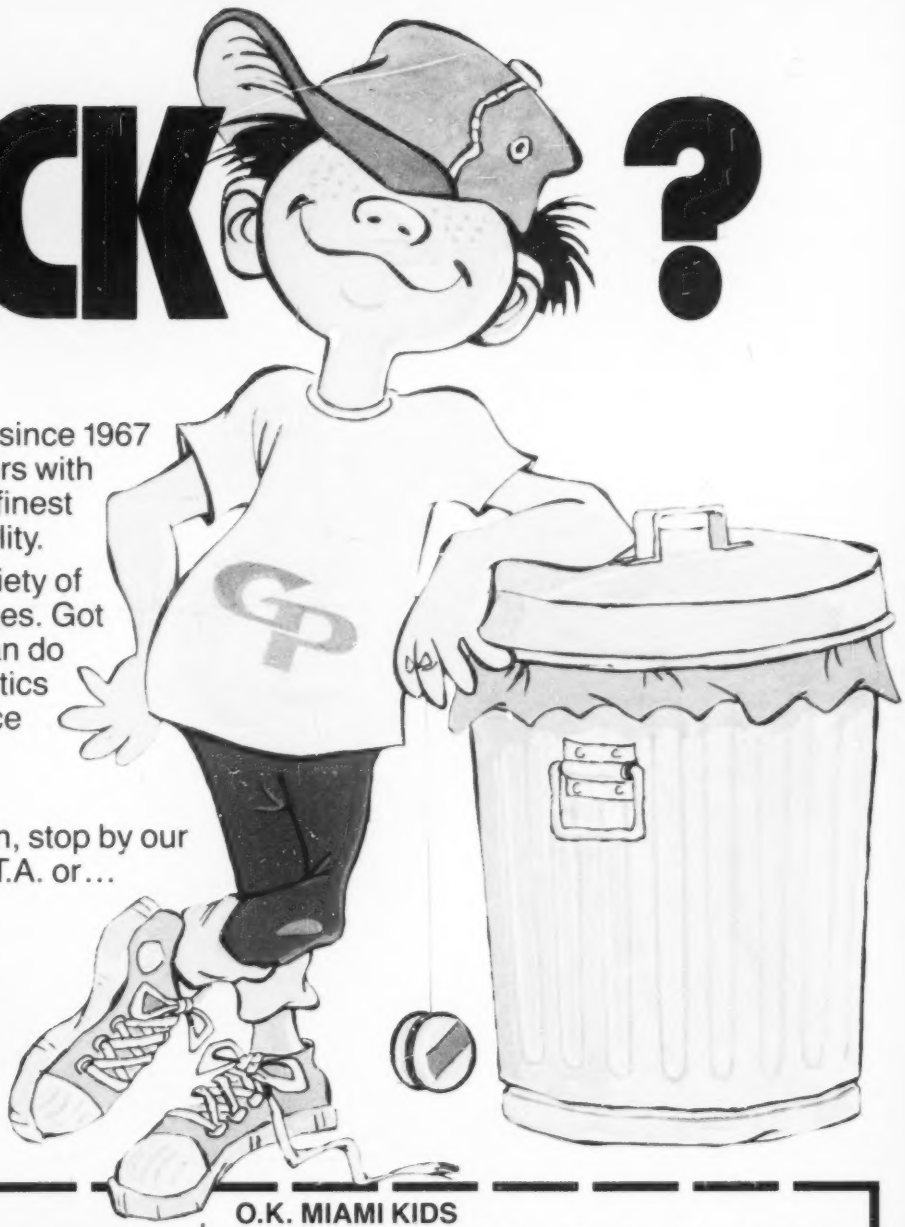
18–19. *Industrial Sanitary Supply Symposium—"Sanitary Supply: The Role of the Industrial Paper Merchant." Atlanta, GA. Contact NPTA.*

INDUSTRIAL PAPER

A SALES CATALOG: IS IT RIGHT FOR YOUR COMPANY?

According to an article by Frank W. Gray in a recent issue of *Maintenance*

THE NEW KID ON THE BLOCK?



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Supplies magazine, a well planned catalog is a sales tool of the first magnitude and deserves the utmost attention of distributors and manufacturers.

Catalogs have become a convenient and profitable way for merchants to sell their current product line. Sales are either phoned in or asked about by customers because of the creative use of the catalog presentation. According to the article, the following should be kept in mind when preparing a catalog.

1. Place responsibility for the job on one person. Although an advertising agency, sales manager, printer, sales executive may be assigned to do the job, some one person should do the coordinating. This person must be qualified to supervise and piece together the work of various persons who might be assigned to do portions of the overall job.

2. The catalog itself should be of the right size and convenient for filing and for easy reference: 8 1/2 × 11 is a standard size and handy for mailing. Odd dimensions and shapes may attract attention but will detract from its use.

3. Color stock should be selected to withstand soiling, durable and sturdy for constant usage. The color should be attractive with suitable illustrations to wet the appetite, headline selling copy, and featuring a good buy on the cover is useful.

4. Most customers prefer a binding that allows a book to be laid out flat when opened. A metal spiral or plastic binding permits this kind of easy and quick reference. Saddle stitching is still acceptable for very small catalogs. Where there are frequent product changes, it may be better to use loose leaf binders.

5. The type and quality of the paper used for inside pages is important (as if a paper merchant didn't know that!). The paper should have a good finish to assure that reproductions of pictures will be top quality and that illustrations will not show through to other pages and obliterate the printing. A few extra dollars spent here will upgrade the catalog.

6. Indexing is a key to catalog usefulness. You can have the conventional up front index, divider cut pages, or marginal tabs. The main thing to do is group products in a logical sequence for easy access.

7. The same arrangement page after page can be monotonous, but the skilled layout person can do wonders to create excitement and add interest. Special emphasis should be placed on sales leaders or large profit items.

8. Reams can be written about the mailing list. The list should be updated so that the costly catalog is mailed to only good prospects.

9. The catalog should be "merchandised"—give it advance publicity and if possible it should be asked for by potential customers, retail or commercial.

10. There should be a follow-up campaign to promote the catalog. It should be sent to all those who send in unsolicited orders and it should be distributed by salespersons.

A small increase in spending together with a little extra care in preparation can make a whale of a difference in the final payoff. Those who never see your business or meet your staff will form their opinions of your company and products through the medium of your catalog. Just as in other marketing activities, it is smart to out sell your competitors.

PROFILE OF A SALES PERSON: CLEANING & MAINTENANCE SUPPLY

The results of a recent survey done by *Maintenance Supplies* magazine shows that the average salesperson is 35–36 years old, has a 12 week training period and earns an average salary of $32,250 per year.

The salesperson makes an average of 50.1 sales visits per month, makes 10 phone calls a day, travels 1675 miles per month and stages 4.5 product demonstrations per month.

They have been with their present company for 7.1 years. Sales people in this field are equally split when it comes to being reimbursed or paying their own expenses, though most distributors reimburse their sales people for expenses, some offer weekly/monthly allowances.

PAPER BAGS ARE PREFERRED BY CONSUMERS AND SUPERMARKETS

A study, conducted at three major California supermarket chains by Cresap, McCormick and Paget Inc. (CMP), incorporating Case and Company, a management consulting firm specializing in analyses of supermarket operations, found:

- Using plastic bags results in an average front-end labor cost increase of $1.29 per thousand items packed. With average sales of approximately $250,000 per week, the use of plastic bags raises front end labor costs by $314 per week, or $16,000 per year.
- Paper bags hold an average of 20% more items than plastic.
- The time to set up a plastic bag on its rack, then remove it is 48% greater than the time required with paper because of the additional motions needed for the plastic bag rack. (Customers are delayed.)

"These results are particularly significant when one considers that labor which is by far the largest cost incurred in any store's bagging operation," said Vic Rayneri, project manager of the Case/CMP study.

The paper grocery bag also scored high marks in the study's consumer preference survey. Polling over 200 shoppers as they exited the stores. The study team reported:

- Consumers interviewed favored paper bags by more than 2 to 1.
- 9% of the customers polled said they would switch stores if paper were not available; none of the customers said they would switch if plastic bags were not available.
- 64% of the customers interviewed reported problems with plastic bags, compared 8% with paper.

Howard C. Ris Wins Industry Excellence Award

Howard Ris follows in the tradition of Al Duval, the 1985 winner and Bill Zellerbach who received the award in 1984.

There are few individuals in the paper distribution industry today who see their family name on more delivery trucks and warehouses than Howard Ris, chairman emeritus of Ris Paper Company. Such growth has not been easy nor has it happened overnight. During July, *MN* editor Bill Frohlich and NPTA president John Buckley met with Mr. Ris at his corporate headquarters in Garden City, NY.

Howard Ris shared his views and recollections of nearly 50 years in the paper distribution business. His comments and opinion not only indicate the reasons for his success, but why he is an excellent choice for the 1986 Stanley O. Styles Industry Excellence Award.

MN: To begin, it is fair to say that one cannot be successful in business without a good combination of business and family. Tell us a little about your family.

RIS: My whole life was really changed ten and a half years ago with the tragic loss of my first wife, Edythe. After that, I was very fortunate to meet Patricia, a friend of a very dear friend of mine. We were married after a year-and-a-half of courtship. I always like to think that Patty saved my life, since I was going through a very sad time.

I have two children, a son and daughter, and two stepchildren, a son and daughter. My son, Howard C. Ris, Jr., is director of the Union of Concerned Scientists. My daughter Barbara, married Tom Walden who is now the chairman of the board of Ris Paper Company. We have a very happy family.

MN: Do you have any grandchildren?

RIS: Yes, I have seven granddaughters and one grandson. All are healthy and super kids. Incidentally, they all call me "Bampy." My grandson could not pronounce grandpa, so that's where that came from.

MN: Has there been a particular philosophy that has guided your life either professionally or personally?

RIS: Yes. I have made it a policy that my word and handshake are as good as any legal contract. It works! Also, I pride myself on selecting the right people to get the job done. I've been lucky in that respect and I find I have a very loyal management group. Also, I've made it a point to love work as much as I love play. I like to work hard and play hard. I made it a policy that no matter how tough the pressure, I still took my vacations as scheduled. The time off was very important to me, and I think it paid off for my health and businesswise.

MN: You look great at 70. With your nearly 50-year career in paper distribution, can you tell us one thing that may stand out in your mind as the most important incident or episode that you would say is the best thing that happened to you?

RIS: The best thing that happened to me in my career was when we were able to buy John Carter in Boston. What brought this all about was the interest at the time of the paper mills in buying distribution. There was a concern of the takeover of paper distribution by the manufacturers. Running a small business, I began to think about how we could expand because I was worried about what would happen to my small company in the face of what was going on. So I said, "Let's make our company grow."

I thought that if the mills were going to buy everything they would have to buy us too. So no matter what the government was going to do with the mill situation, we would be successful in our own right through acquisitions, expansion and efficiencies. The plan worked.

That was in the 60's. The government did curtail the mill acquistion program, and we succeeded in our own efforts. It paid off; we grew bigger and better.

MN: Over the years I am sure that you have met many, many people in the industry. Who stands out in your mind as the most impressive?

RIS: It would be difficult to say who is the most impressive individual in our industry. Everyone is unique in his own respect, however guys like Mark Fuller of Champion, Dick Denman and Hugh Hanson of Weyerhaeuser, John Herbert and John Franz of Mead, Dave Dimling of Georgia-Pacific, John Munford and Bob Sasser of Union-Camp, have all been a great help and inspiration to me in business, and also have become very close personal friends. They're a great bunch of guys and I only wish I could see more of them.

MN: Have there been any paper merchants that you have looked up to over the years or for whom you have had a special respect for what they have accomplished?

RIS: I have always looked up to and respected my competitors. I have tried to emulate the progressive ideas and to fine tune our own activities in a manner that would produce the most successful results.

MN: What do you see as the major trends affecting paper distribution today?

RIS: The trend toward mill ownership that was curtailed in the 60's has reemerged. It bothers me that the mills can move into paper distribution and compete with us and other independent distributors. Have they been good competitors? In most cases I would say yes. But as this trend continues it puts a greater burden on independent paper merchants in the following areas: for example, the mills have great financial resources so they can handle credit problems better and perhaps more expeditiously than a small independent merchant. Also, some customers feel that if they deal with a mill-owned merchant they will receive better treatment when it comes to complaints, shipments, etc. I must emphasize, however, that mill-owned merchant companies have been good competition in the past.

MN: Is the paper distribution business a better business today than it was 20 or 30 years ago?

RIS: Yes it is. It is a much better business today. Professional management is coming to the top. Salesmanship was the only key to success in the business back then. Today we see financial management as having an equal role. Of course we have to sell paper. That is the name of the game. But we have to know what makes sense financially at the same time. Management of paper distribution is starting to recognize the profitability of the operation and of each particular order.

MN: Do you have any predictions for what the industry will be like 10 to 15 years from now?

RIS: I think the trend toward mergers and consolidations will continue. There will always be one or two smaller companies in each city, but there is no question that the chain operations will continue to grow. With trucking, computerization, financial responsibility, and warehouse utilization the chain can offer benefits to the customer. We can cover each city

better and more completely with this type of operation.

MN: Do you see the franchise system for printing paper grades continuing?
RIS: I think the franchise system will be in place, but I feel that the mills will continue to exercise good control of it. That's their right and privilege, but I say the independent paper distributor also has his responsibilities and they have to be recognized.

We understand this relationship as a partnership in trying to get the product to the marketplace in the most efficient manner. We recognize that the mills have their sales responsibilities, but the independent distributor also has his responsibilities and they should be considered.

MN: Are there any other threats that you see to the paper distribution business in the years to come?
RIS: Yes. I feel that foreign interests will continue to influence our industry. It's a new competitive force that we must learn to live with. Direct selling is always there and always will be, but we've learned to cope with it and I feel we can handle it in the future with the right sources of supply to support us.

MN: What role do you see the association playing in the future?
RIS: I think it is so important for everyone to realize the great improvement in what NPTA is doing for our industry. There are so many facts and figures a paper merchant can use to increase his business efficiency that are readily available from NPTA. It is really the only way for a company to compare its performance with similiar companies in the industry. I think that it is imperative for every company to have this kind of information, especially if you are a smaller paper merchant and if you truly watch the bottom line.

MN: If you had it to do all over again, is there anything you would change in the way you developed your business career?
RIS: Yes. Instead of starting to expand 20 years ago, I wish I would have started 30 years ago.

MN: Are there any other comments you would like to make about the industry that our readers could benefit from?
RIS: Well, as one guy said to me when I was in negotiation to purchase his company, "I'm tired of being a beggar." I asked him what he meant by that and he said "I'm on my knees to my suppliers, my customers, and my bankers. I'm tired of that!"

Now, am I tired of doing that? No! I had fun doing that, and I still think that there is an opportunity to expand and grow in our business. Maybe you have to get on your knees once in a while, but at the same time if you know what you're doing you can enjoy it. Make it happen for yourself and your company. It works!

MN: Thank you.

CHAIRMAN'S CORNER

"Where No Pleasure, No Profit"

Early one morning I said hello to a customer as he filled his van at our loading dock. He is an enterprising gentleman in the custodial service business. Conversation soon focused on why we each enjoyed what we do for our livelihood. The key for both of us is hard work and the fact that we do enjoy it and profit from it.

Two weeks thereafter I attended the EUGROPA conference in England on behalf of NPTA. This year our European friends chose as the theme of their conference "Where No Pleasure, No Profit." They put on an excellent conference with several sessions focusing on improving financial performance. Pleasure and profit are the essence of successful business, the results of good people enjoying hard work.

Success and hard work. My congratulations to Howard Ris, industry leader, outstanding individual, selected to be this year's recipient of the Stanley O. Styles Industry Excellence Award. Do you think he worked hard? Darn right he did, and likely still does. Was he successful, did he profit? Ris Paper in 32 years grew from one to 17 locations. And was pleasure taken? Howard himself has said it, ". . . and a lot of fun."

Yes, the paper merchant distribution business is great. Hard work but a lot of fun, thanks to leaders such as Howard Ris. Thanks to the unsung heroes working behind the scenes in each of our companies. Thanks to our customers who give cause to our pleasure and keep us honest and working hard. So if you are not having fun and you are dissatisfied with profits, where are you headed? Not only "where no pleasure no profit," but also "where no profit no pleasure." Whichever you choose to put first, why not have fun.

Next month I hope to see you in Boston at our Annual Convention and Exposition. Come prepared to work hard, attending and learning from the various seminar programs, participating in our annual business sessions, sharing in your individual merchant/supplier conferences. Attend our award luncheon, help us honor Howard Ris and hear an inspiring message from Alexander Haig. Next month it is Boston for pleasure and profit!

R W Abrams

Richard W. Abrams
NPTA Chairman

Haig to Address Chairman's Luncheon

Alexander Haig will replace Ambassador Jeanne Kirkpatrick on Luncheon Program.

General Alexander M. Haig, Jr. has been in the vortex of contemporary political, economic and military affairs and closely associated with matters related to the vital interests of the free world for the past twenty-five years. A charismatic leader not only known and respected throughout the Western Hemisphere, but in both Eastern and Western Europe, Asia, Africa and the Middle East, General Haig is known for his dynamics in public speaking. An activist, a mover and doer, one who accepts challenges and calls the shots as he sees them, he is the author of his latest initiative—a book entitled: *Caveat—Realism, Reagan and Foreign Policy*, a reflection on his term as Secretary of State.

As a speaker, he brings a wealth of background and views based on a variety of military service at home (in the Pentagon) and abroad (Japan, Korea, Europe and Vietnam); and Deputy Assistant to the President for National Security Affairs, as a personal emissary of the President to negotiate the Vietnam cease-fire, and the coordinator for preparations of President Nixon's historic visit to China. As the former White House Chief of Staff, his four-year tenure as the Supreme Allied Commander, Europe and more recently as Secretary of State, General Haig brings to any audience the realism associated with the main problems faced by the world politically economically, militarily and socially.

General Haig is the recipient of numerous military decorations, including the Distinguished Service Cross. and has received decorations from the governments of many other countries. He will speak to the paper distribution industry about his vast experiences in public life, east-west relations and his plans for his political future.

While you're at the 1986 NPTA Show, we'd like to extend a warm . . .

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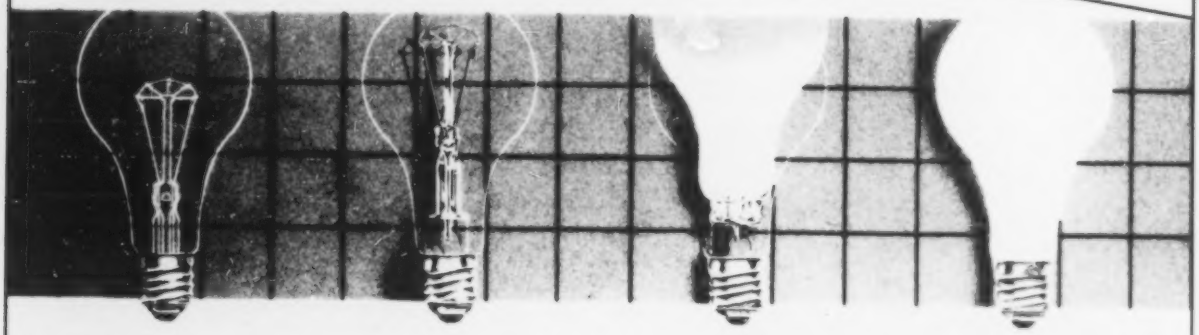

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SPOUSES WILL SEE BOSTON OLD & NEW

A special four-day series of tours for Convention spouses will take advantage of the many attractions of old and new Boston. Use the Special Events ticket order form on the next page.

FRIDAY, SEPTEMBER 12: ***Introduction to Boston Tour and Lunch at the Winery.*** From old Boston's Beacon Hill and the North End to the Prudential Center and "New Boston," this introductory whirl will give you a better understanding of Boston's place in America—past, present and future. Luncheon is at the Winery. Located in the Pilot House on Boston's waterfront, it is the perfect treat.

SATURDAY, SEPTEMBER 13: ***Intro Tour*** (repeated without lunch) or ***Kennedy Library Tour.*** This special library contains many exhibits that portray the personal side of J.F.K., his public career and presidency. There are over 500 photographs and 1,000 important objects in the collection.

SUNDAY, SEPTEMBER 14: ***Boston's South End Homes Tour and Lunch.*** The graceful rows of red brick, bow-front houses today look very much as they to the men returning from the Civil War. The old Back Bay area of Boston is its most charming feature. The tour of the locale will include luncheon at a quaint, historic restaurant in the district.

MONDAY, SEPTEMBER 15: ***Mastering The Public Spotlight.*** Starting the morning off with an elegant continental breakfast, the following two hours will reveal a dynamic look at how the images of powerful people can be made or destroyed. Public image specialist Arnold Zenker will present the topic.

HOTEL CUT-OFF DATE AT HAND

For all those who have not yet made their hotel arrangement, take heed! On August 20, 1986, the NPTA discounted rate for rooms is lost. After that date, the NPTA housing bureau closes up shop and Convention goers will have to work directly with the hotels.

Before it is too late, send in the hotel reservation form. If you need a form, call NPTA headquarters at 516–829–3070.

Chairman's Luncheon Tickets Still Available

"HECK, OUR COMPANY'S JUST GETTING STARTED, ED. I'LL BET NEXT YEAR THEY GET US FIRST-CLASS ACCOMMODATIONS AT THE NPTA CONVENTION!"

SPECIAL EVENTS TICKET ORDERS

Deadline	Mail To	Payment
All Special Events Tickets may be picked up in the NPTA Registration area on **September 13, 1986** or after.	National Paper Trade Association, inc. 111 Great Neck Road Great Neck, New York 11021	PAYMENT MUST ACCOMPANY THIS FORM. Tickets for Special Events Are Not Refundable. Photocopy for your records.

TICKETS FOR ALL EVENTS MAY NOT BE AVAILABLE ON SITE: ATTENDANCE IS LIMITED

Chairman's Luncheon: *Stanley O. Styles Industry Excellence Award Presentation: Howard Ris*
General Alexander M. Haig, Jr. Keynote Speaker
(Proceeds from the Luncheon will be donated to the PAPER Foundation.)

Monday, September 15, 1986
12:30 p.m. - 2:30 p.m.: Sheraton Boston Hotel
_____ tickets at $75.00 each $ _____
_____ tables of 10 at $750 $ _____

Boston Paper Trade Association 100th Anniversary: *Gala Reception & Dinner*
Monday, September 15, 1986
7:00 p.m. - 8:15 p.m. Reception: Marriott Copley Place Hotel
Dinner/Dance to follow
Black tie. Business suit acceptable.
_____ tickets at $100.00 each $ _____

Young Executives Forum: *Young Executive's Role in Managing for Top Performance*
Reception, Luncheon, Special Meeting
Saturday, September 13, 1986
12:30 p.m. - 2:30 p.m.: Sheraton Boston Hotel
_____ tickets at $35.00 each $ _____

Spouses Program: *Experience Boston Old & New*

Friday, September 12, 1986
12:30 p.m. - 4:15 p.m.
Introduction to Boston Tour
& Lunch at the Winery
_____ tickets at $37.00 each $ _____

Saturday, September 13, 1986
CHOOSE ONE:
- Introduction to Boston Tour
  1:00 p.m. - 4:00 p.m.
  _____ tickets at $18.00 each $ _____
- John F. Kennedy Library Tour
  12:30 p.m. - 4:00 p.m.
  _____ tickets at $18.00 each $ _____

(Note: Luncheon is not included on either tour)

Sunday, September 14, 1986
12:00 Noon - 4:00 p.m.
Boston's South End Homes Tour & Lunch
_____ tickets at $40.00 each $ _____

Monday, September 15, 1986
9:15 a.m. - 11:45 a.m.
9:15 a.m. - 9:45 a.m.: Continental Breakfast
9:15 a.m. - 11:45 a.m.: "Mastering The Public Spotlight" Presentation
_____ tickets at $20.00 each $ _____

TOTAL FEE REMITTED $ _____
All Funds Must Be In U.S. Dollars

PLEASE SEND TICKETS TO: _____

COMPANY: _____

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Names of Young Executives Forum Participants: _____

Name of Spouses Program Participants:

Fri.: _____

Sat.: _____

Sun.: _____

Mon.: _____

Signature: _____

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S1-Ticket # _____
S2-Ticket # _____
S3-Ticket # _____
CHECK # _____ AMT. _____

SCHEDULE OF EVENTS

Date/Time	Event
FRIDAY, SEPTEMBER 12	
8:30 a.m.–12:00 Noon	NPTA Committee Meetings
12:30 p.m.–4:15 p.m.	Spouses Program *(Tickets required)*
1:00 p.m.–5:00 p.m.	NPTA Board of Directors Meeting
SATURDAY, SEPTEMBER 13	
8:00 a.m.–5:00 p.m.	Registration
10:00 a.m.–5:00 p.m.	Exposition
10:00 a.m.–12:30 p.m.	Creating the Successful Environment
12:30 p.m.–1:30 p.m.	YEF Luncheon *(Tickets Required)*
12:30 p.m.–4:00 p.m.	Spouses Program *(Tickets Required)*
1:00 p.m.–4:00 p.m.	Spouses Program *(Tickets Required)*
1:30 p.m.–2:30 p.m.	YEF Members Workshop *(YEF Members only)*
3:00 p.m.–4:30 p.m.	Retail Packaging: A New Frontier for Paper Merchants?
SUNDAY, SEPTEMBER 14	
9:00 a.m.–4:00 p.m.	Registration
10:00 a.m.–11:30 a.m.	General Business Session
11:00 a.m.–4:00 p.m.	Exposition/CEO Day
11:30 a.m.–12:00 Noon	Annual Business Meeting *(NPTA Members only)*
12:00 Noon–4:00 p.m.	Spouses Program *(Tickets Required)*
2:30 p.m.–3:00 p.m.	Wine & Cheese Party *(At The Show)*

Date/Time	Event
MONDAY, SEPTEMBER 15	
8:00 a.m.–12:00 Noon	Registration
8:30 a.m.–12:00 Noon	Exposition
9:15 a.m.–11:45 a.m.	Spouses Program *(Tickets Required)*
10:00 a.m.–12:00 Noon	The World Report: A Global Look at Printing Paper
12:00 Noon–12:30 p.m.	The Paper Performers' Reception
12:30 p.m.–2:30 p.m.	Chairman's Luncheon *(Tickets Required)*
2:45 p.m.–4:30 p.m.	The Party Store Concept
7:00 p.m.–8:15 p.m.	Boston Paper Trade Reception
8:15 p.m.–11:00 p.m.	Boston Paper Trade 100th Anniversary Dinner *(Tickets Required)*
TUESDAY, SEPTEMBER 16	
9:00 a.m.–11:00 a.m.	The Customer Signs Your Paycheck
9:00 a.m.–11:00 a.m.	How to Keep the Company Pond Stocked with the Right People

Notes

Friday, September 12

12:30 p.m. Spouses Program

SATURDAY SEPTEMBER 13

7 a.m.

8 a.m. Registration

9 a.m.

10 a.m. Exposition
Creating the Successful Environment

11 a.m.

12 Noon

12:30 p.m. YEF Luncheon
Spouses Program

1:00 p.m. Spouses Program

1:30 p.m. YEF Members Workshop

3 p.m. Retail Packaging

4 p.m.

5 p.m.

6 p.m.

7 p.m.

8 p.m.

Notes

SUNDAY SEPTEMBER 14

7 a.m.

8 a.m.

9 a.m. Registration

10 a.m. General Business Session

11 a.m. Exposition C.E.O. Day

11:30 a.m. NPTA Annual Business Meeting

12 Noon Seminar Program

1 p.m.

2 p.m.

2:30 p.m. Wine & Cheese Party

4 p.m.

5 p.m.

6 p.m.

7 p.m.

8 p.m.

Notes

MONDAY SEPTEMBER 15

7 a.m.

8 a.m. Registration

8:30 a.m. Exposition

9 a.m.

9:15 a.m. Seminar Program

10 a.m. The Board Report

11 a.m.

12 Noon Paper Fraternal Meetings

12:30 p.m. Chairman's Luncheon

1 p.m.

2 p.m.

2:45 p.m. Ruth Shaw Caravan

4 p.m.

5 p.m.

6 p.m.

7 p.m. Boston Pops "Esplanade"

8:15 p.m. Boston Pops "Esplanade"

Notes

TUESDAY SEPTEMBER 16

7 a.m.

8 a.m.

9 a.m. Finishing Signs Your Paydirt: How to Keep the Profits Flowing

10 a.m.

11 a.m.

12 Noon

NPTA Official Registration Hours
(In the Sheraton Boston Hotel)

Saturday, September 13: 8 am–5 pm
Sunday, September 14: 9 am–4 pm
Monday, September 15: 8 am–12 Noon

Paper/Plastics & Allied Products Exposition Hours
(In the Sheraton Boston Hotel)

Saturday, September 13: 10 am–5 pm
Sunday, September 14: 11am–4 pm
Monday, September 15: 8:30 am–12 Noon

NPTA Official Convention Hotels

Sheraton Boston Hotel
617-236-2000

Boston Marriott Copley Place
617-236-5800

The Westin Hotel Copley Place
617-262-9600

The Copley Plaza Hotel
617-267-5300

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for

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- Company CEO's
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- gain better marketing implementation results
- improve customer service levels
- increase personnel motivation
- emphasize profitability customer relationships

Basic Objective Underlying the Seminar

The specific applications and techniques that are covered in this seminar will help the paper distributor to free-up extra time to think and plan. This seminar will help him improve cash flow to finance any significant re-directions or growth the company would like to take. By increasing the discipline of the organization and improving the confidence of the management team, further growth opportunities will be assured.

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"Bruce has the background, expertise and ability to explain vital, complex techniques that will greatly increase our productivity and profitability in the years ahead."
—John Rountree, President, Carr Paper Co.

"He provides concepts that can enable the small "mom-pop" type of operation to be competitive in today's high corporate economy."
—Clifford Barnett, Vice President Sales and Purchasing Sidco Paper Company

"Bruce's knowledge of finances as they relate to the paper merchant is excellent! Obviously, his years in a variety of distribution functions has proven beneficial. I can now better analyze formulas given to determine the extent of profitable/non-profitable operations."
—Greg Drolet, Business Unit Manager, Zellerbach Paper Co.

"Merrifield provided me with tremendous tools to minimize non-productive investments and to maximize my firm's profitability."
—Alan Bernstein, Inventory Manager, Zellerbach Paper Co.

"This outstanding, concise presentation has identified an effective method for implementing a small order policy, provided a unique perspective for re-thinking inventory objectives and has identified a highly effective commission policy. Implementing Merrifield's ideas will have a long-term positive effect on our company's performance."
—Steve Fricke, President, Taverner & Fricke

The seminar deals with specific applications and their direct benefit to a paper merchant.

1. By minimizing two types of inventory cash-traps, the merchant will be able to permanently reduce total investment in inventory by 20%-30% without reducing service levels.
2. By minimizing four out of five types of past-due receivables, the merchant can reduce his total investment in receivables by 10%-15% and still not drive away customers.
3. By controlling three out of four types of money-losing small orders, lower operating expenses can be achieved.
4. By creating a "zero error program," total operating expenses can be lowered significantly, customer goodwill will rise due to better service performance and employee morale will benefit because of a "winning team" atmosphere.
5. By improving purchasing and sales negotiation abilities, the merchant will be able to improve his return on investment for an unchanged base of business. This will enable him to buy more effectively from the same suppliers and sell more effectively to the same customers.
6. By compensating key "tiger" employees, the merchant will be able to get 200% output from these employees for only 130% of the going cost —a 70% increase in productivity results.
7. The development of a "10X10" selling strategy can increase profits most quickly. Additional gross profit that goes directly to the bottom line can be generated. Target business, which is the easiest, fastest and most profitable to get, will be identified.
8. By pin-pointing three account penetration tactics, the merchant will be capable of maximizing new more profitable volume in the shortest time at the lowest cost.
9. By understanding the product promotion pipelines, the merchant will be able to identify and focus on only the most promising promotional ideas and systematically better package these promotional ideas to get guaranteed new profits.

Registration Information

Date	Location	Time
October 16, 1986	New York, NY	9:00 am–5:00 pm

Fee	Member	Non-Member
First Participant	$225.	$275.
Second Participant, same Company	$185.	$225.
Third Participant, same Company	$125.	$150.

Registration Card

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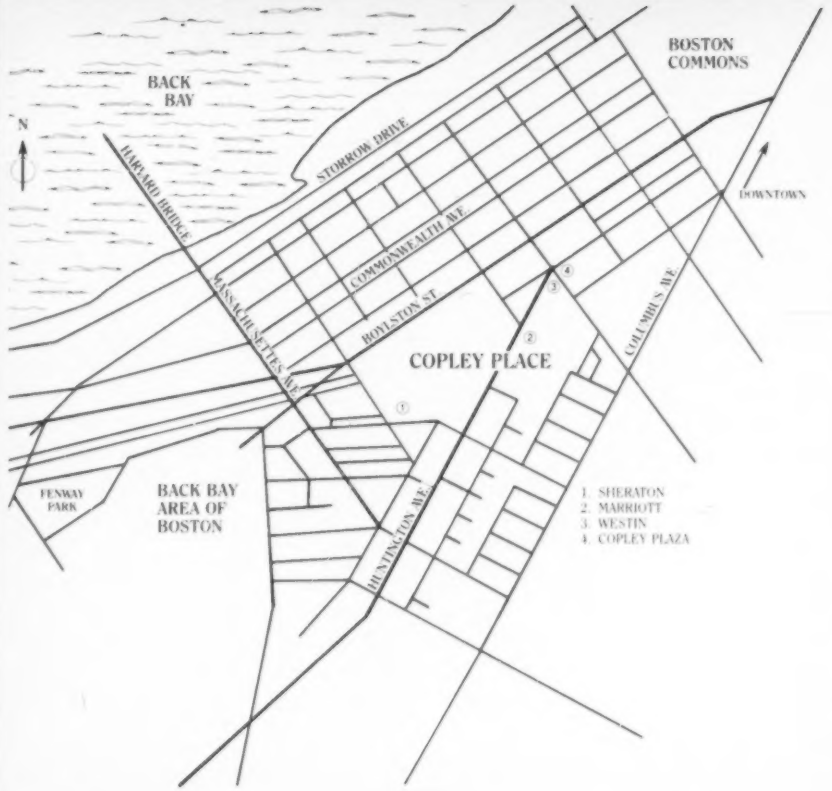
☐ October 16, 1986

1st person	Co.	City/State
2nd person	Co.	City/State
3rd person	Co.	City/State



NPTA Official Registration Hours

In the Sheraton Boston Hotel

Saturday, September 13: 8:00 a.m.–5:00 p.m.
Sunday, September 14: 9:00 a.m.–4:00 p.m.
Monday, September 15: 8:00 a.m.–12:00 Noon

Paper/Plastics & Allied Products Exposition Hours

In the Sheraton Boston Hotel

FIFTIETH • ANNIVERSARY

Saturday, September 13: 10:00 a.m.–5:00 p.m.
Sunday, September 14: 11:00 a.m.–4:00 p.m.
Monday, September 15: 8:30 a.m.–12:00 Noon

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A Question for Your Sales People—How's Your Empathy?

Good customer relations: an indispensable part of any successful company. Every organization is dependent on satisfied customers. Customer satisfaction, in turn, cannot be maintained without the skillful handling of customer complaints.

The proper handling of customer complaints can keep a customer from going to a competitor and in many cases can lead to additional business. While there is by no means total agreement on what is the best way to handle these complaints, expressing *empathy* appears to be an important element of the complaint handling procedure.

The skill of responding empathetically means that the salesperson must communicate an accurate understanding of the situation as presented by the customer. An empathetic response conveys an appreciation for the content and the feeling of the message. By responding to the content, the salesperson communicates his or her understanding of the customer's experience to show that he really knows what the customer is saying.

A good response involves restating the customer's problem in *your own words*, i.e. "So, you're saying..." or "In other words..." The response should be as brief as possible to ensure that the customer can clearly read that you understand what he or she is saying. A good response to content rephrases the customer's expression in a different way and does not simply "parrot" back the customer's own words.

As an example, if a customer said, "I am angry with you and your company because of late deliveries," parroting would not be effective. On the other hand, if the salesperson said, "I know how you feel; I can appreciate the fact that late deliveries can cause you lots of problems."

An addition to responding to the content of the customer's problem, empathy requires a show of understanding for a customer's *experience* by responding to his or her feelings.

Learn to identify when a customer is listening and not listening. Carefully analyze the customer's words.

To assist the salesperson in understanding the customer, he or she can start by asking themselves: "If I were the customer and I were doing and saying these things, how would I feel?" In answering this, the salesperson can first identify the general feeling category (happy, angry, frustrated, pleased, confused) and the intensity of that feeling (high, medium or low). The salesperson then selects a feeling and a phrase that fits the type of feeling and its level of intensity.

Finally, the salesperson communicates to the customer his or her understanding of the customer's feelings. The salesperson should come up with an expression or response that conveys to the customer his or her sensitivity to the customer's emotions. This will let the customer know that the salesperson truly understands his or her feelings.

Dr. C.W. Von Bergen, president of Von Bergen & Associates, a Texas-based consulting firm has put together a useful exercise. For each of the items below, indicate whether or not the salesperson's response to the customer's statement is empathetic. If you feel the salesperson's response is empathetic, place an "X" in the space provided for that item; if you feel the salesperson's response is not empathetic, put an "X" in the other space and write a more appropriate response.

Having empathy for one's customers is a vital part of the process of identifying and satisfying customer needs. Of course, this is important to any successful sales effort. Although it is not an easy skill to develop, sales people tend to become defensive because of a desire to defend the organization, and in many cases, their own actions.

Additionally, the sales person may really believe that the customer is in the wrong and he may want to correct or show the customer where his or her reasoning is faulty. For these reasons, responding emphathetically takes practice and self-discipline. But the advantages of responding with empathy to the customer far outweigh the self-satisfaction the salesperson and/or the organization may receive from correcting the customer.

Having empathy for one's customers is a vital part of the process of identifying and satisfying customer needs.

Test Your Level of Empathy

1. CUSTOMER: That display you set up for me has got to be the most inept sales promotion I've ever seen.

SALESPERSON: It's a standard display that we use in all our promotions. What do you want me to do about it?

Empathetic _____ Not Empathetic _____

_____

_____

_____

2. CUSTOMER: Your people made a mistake on the last invoice you wrote and now you made another one, this time for $2500. Why can't you folks ever get things straight?

SALESPERSON: It's frustrating when you receive invoices that are incorrect. Let's see what we can do about the problem.

Empathetic _____ Not Empathetic _____

_____

_____

_____

3. CUSTOMER: Why is it I always get a low service priority from you? I don't think it's fair for you to make me wait while you service another account.

SALESPERSON: It's our policy to service our accounts in the order in which they are received.

Empathetic _____ Not Empathetic _____

_____

_____

_____

4. CUSTOMER: The quality of the products you've been sending us has dropped considerably over the last several months, and this last shipment just proves my point.

SALESPERSON: It makes you angry to receive products from us that are not up to your standards. It makes me angry, too. Tell me more about it.

Empathetic _____ Not Empathetic _____

_____

_____

_____

PAPER DISTRIBUTION MANAGEMENT DEVELOPMENT PROGRAM

The next time paper distribution industry middle managers will meet at Miami University in Oxford, OH to participate in the NPTA Management Development Program will be November 10–15, 1986. It is the only such program in the industry and has been crafted by the NPTA working with the University's professors.

The program spans two weeks—each week separated by six months. All of the important issues in distribution management are explored in detail. Managers at all levels have benefited from the program, but it is especially important to branch managers.

For more information, request to view the 15 minute 1/2" VHS video tape on the program. It may be viewed for a week at no charge. Call Bruce Linden at NPTA headquarters: 516–829–3070.

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Warehouse Versus Direct Business– Big Financial Differences

COMBINED STORAGE, HANDLING AND DELIVERY EXPENSES AS % GROSS PROFIT	
Printing Paper	
Over 65% Direct Sales	75% + Whse. & Indirect
41.75%	31.21%
Industrial Paper	
Under 75% Whse. & Indirect	90% Whse. & Indirect
32.27%	25.96%

The percentage of warehouse or direct business a company has is dependent upon many things; i.e., style of doing business, service level, proximity to the mills and customer base. Sometimes the merchant cannot control the warehouse/direct mix, but determine how profitable each piece is for your company.

Some paper distributors have a much greater amount of direct sales (orders shipped directly from the paper mill to the merchant's customer—not filled from the merchant's inventory) than others. Just what are the financial implications of this and how does this merchant differ from the house concentrating primarily on warehouse sales? Financial measures from the 1986 NPTA/MFI PAR Survey (Performance Analysis Report) provide some interesting insights (see tables 1 and 2).

At first glance, one would think that merchants with a high share of direct sales would have lower operating expenses related to storage, handling and delivery. Therefore, with less operating expenses, they should have better profit margins, right? Look again—this is not the case.

The big reason why companies with more direct sales do not generate better profitability measures is that warehouse gross margins are a lot higher than direct gross margins. During 1985, printing paper merchants had warehouse gross margins of 22.7% on average, versus 6.6% direct. For industrial houses, the figures were 23.7% warehouse, 13.5% direct.

Also, a merchant that for the most part deals in direct sales still has to maintain a warehouse and incur operating costs to keep it running. After all, the firm may still have 20–40% of its total revenues dependent upon warehouse sales. There are typically more gross margin dollars generated by warehouse orders than direct ones. For direct orders, the incremental profits per dollar of sales are smaller. Ideally, what the merchant would like to do is cover all his warehouse expenses with warehouse orders. Then, profits on direct sales become "icing on the cake," above and beyond profits needed to cover operating costs. But this is the exception rather than the rule.

The following is an example of how operating costs are ***not*** lower for merchants with a higher share of direct sales; from the 1986 PAR results:

As one can see from tables 1 and 2, there are big differences in financial measures according to sales emphasis. The typical sales increase for printing paper merchants with a high degree of direct sales was almost one-fourth the gain of houses concentrating mostly on warehouse sales. Pre-tax profits divided by sales for these companies were about one-third as good, ROTA was one-half as good, and the days sales in accounts receivable were nearly five days higher. Operating expenses relative to gross margins were actually higher.

In general, there were less direct sales in the industry last year, accounting for the large difference in sales gains by direct/warehouse-related business. As for receivables, direct sales customers tend to be slower payers, plus the fact that big carload orders of high dollar value will have a greater effect on the PAR measures calculated. Net sales and gross profits per employee will be higher for a merchant more involved in direct business since there are less employees by which to divide sales and profits.

In general, there were less direct sales in the industry last year . . . profits per dollar of sales were smaller.

So, although one would think at first that merchants specializing more in direct business would be more profitable, look again. There are very rational reasons why this is not so, and it is interesting to look at the numbers that bear this out. *What's your sales mix and how do you compare?*

TABLE 1

PRINTING PAPER MERCHANTS
PERFORMANCE BY DEGREE OF CONCENTRATION IN
DIRECT VS. WAREHOUSE SALES
(SALES PATH EMPHASIS)

	SALES PATH	
MEASURE	OVER 65% DIRECT SALES	75% OR MORE WAREHOUSE & INDIRECT SALES
PERCENT SALES CHANGE OVER PRIOR YEAR	3.50%	13.29%
NET PROFIT BEFORE TAX AS % NET SALES	1.25%	3.88%
NET PROFIT BEFORE TAX AS % TOTAL ASSETS (ROTA)	5.91%	12.39%
OPER. EXPENSES AS % GROSS MARGIN	85.40%	83.11%
GROSS MARGIN PER EMPLOYEE	$77,450	$54,520
DAYS SALES IN ACCTS. RECEIVABLE	48.0	43.1

SOURCE: *1986 Par Survey; Composite Mean Figures*

TABLE 2

INDUSTRIAL PAPER MERCHANTS
PERFORMANCE BY DEGREE OF CONCENTRATION IN
DIRECT VS. WAREHOUSE SALES
(SALES PATH EMPHASIS)

	SALES PATH	
MEASURE	UNDER 75% WAREHOUSE & INDIRECT SALES	90% OR MORE WAREHOUSE & INDIRECT SALES
PERCENT SALES CHANGE OVER PRIOR YEAR	4.71%	6.04%
NET PROFIT BEFORE TAX AS % NET SALES	1.23%	2.60%
NET PROFIT BEFORE TAX AS % TOTAL ASSETS (ROTA)	4.98%	10.79%
OPER. EXPENSES AS % GROSS MARGIN	98.75%	91.21%
GROSS MARGIN PER EMPLOYEE	$49,580	$48,870
DAYS SALES IN ACCTS. RECEIVABLE	41.8	34.4

SOURCE: *1986 Par Survey; Composite Mean Figures*

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SUMMARY NATIONAL TREND INFORMATION: 1984 TO PRESENT

NOTE: *BEGINNING WITH THE JANUARY 1986 REPORT, STATISTICS WERE PRODUCED BY A NEW SYSTEM. THEREFORE, STRICT COMPARISONS TO PRIOR REPORTS SHOULD NOT BE MADE.*

SALES INFORMATION

YEAR-TO-DATE SALES PER SELLING DAY AS A PERCENTAGE OF PREVIOUS YEAR'S YEAR-TO-DATE SALES PER SELLING DAY

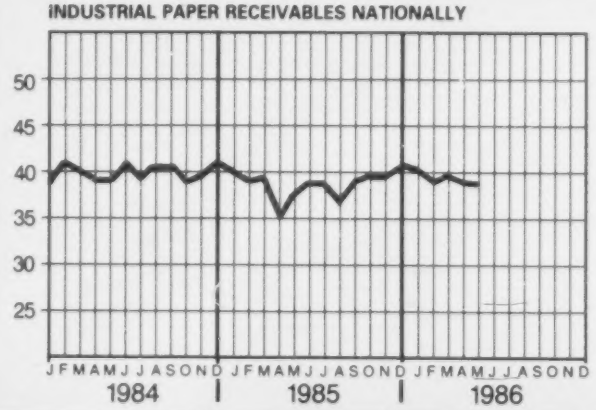
INDUSTRIAL PAPER SALES NATIONALLY

PRINTING PAPER SALES NATIONALLY

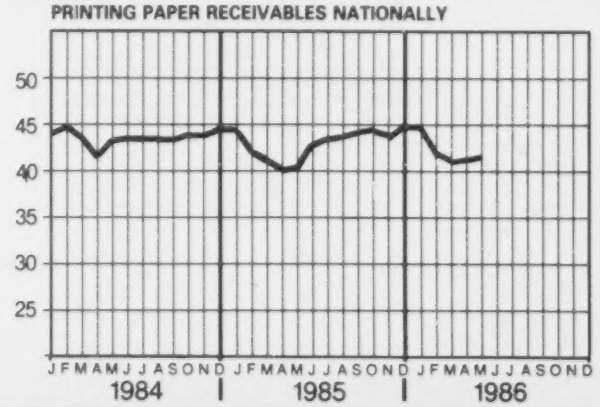
RECEIVABLES INFORMATION

DAYS OUTSTANDING—ACCOUNTS AND NOTES RECEIVABLE FROM PAPER SALES AT END OF EACH MONTH (IN CALENDAR DAYS)

INDUSTRIAL PAPER RECEIVABLES NATIONALLY



PRINTING PAPER RECEIVABLES NATIONALLY

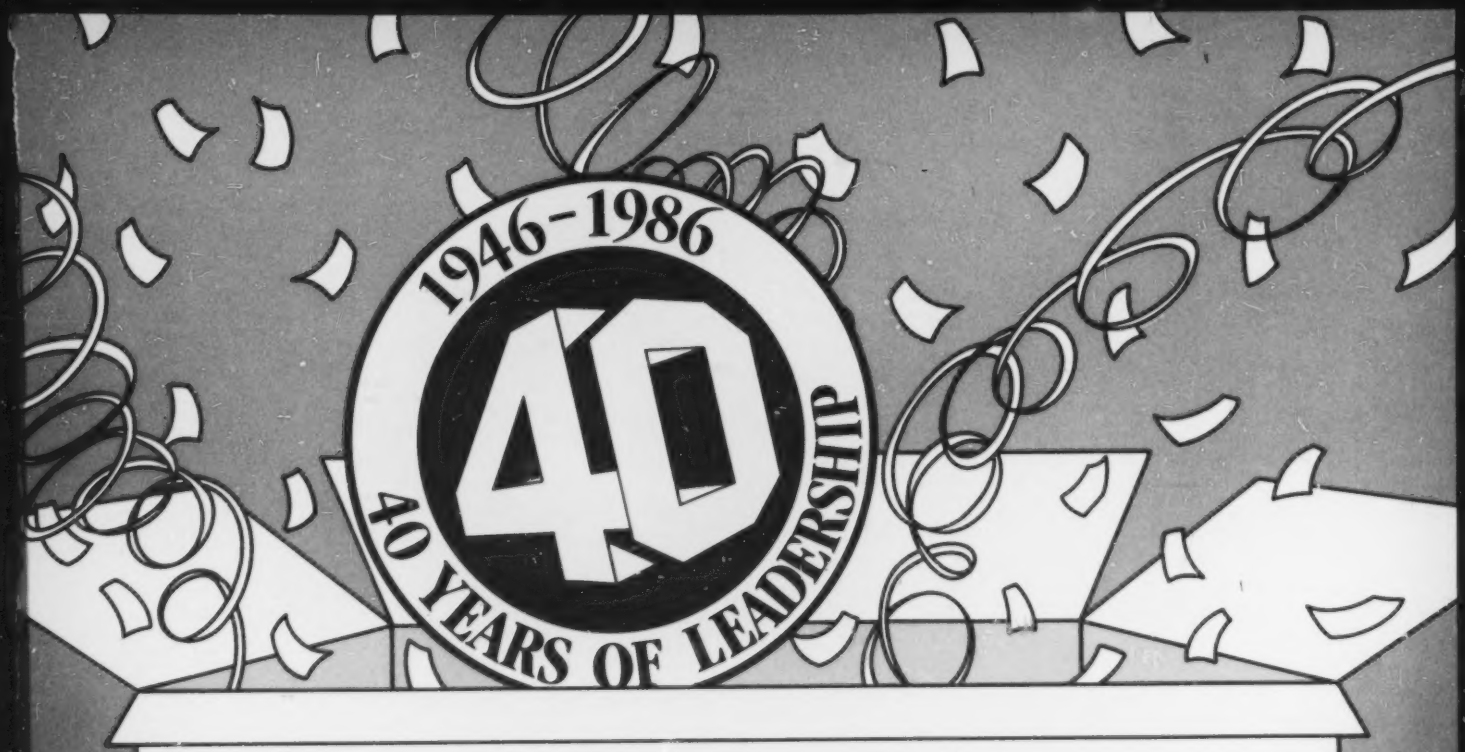


INVENTORY INFORMATION

CALENDAR DAYS COST OF ENDING MONTHLY INVENTORY (FIFO) (IN CALENDAR DAYS)

INDUSTRIAL PAPER INVENTORY NATIONALLY

PRINTING PAPER INVENTORY NATIONALLY



THANKS FOR THE BEST 40 YEARS OF OUR LIFE.

August, 1986 marks Thacker Container Company's 40th year as the leading manufacturer of stock corrugated and paper packaging products. We would like to thank you, our distributors, for making it all possible.

Your continued support for the past 40 years has been the key element in our success. We'd like to think that our sincere commitment to quality and service has helped pave the way for that success, too.

Thacker Container Company has a strong commitment to your future. A commitment that includes sales training and a continually expanding line of new products and product support literature.

Part of our dedication to providing total support to our distributors, and perhaps most important to you, is that we will never compete with you for business.

After all, if it weren't for you, we wouldn't have a 40th anniversary to celebrate!

"Thanks again for 40 great years!"

Barney Thacker

Barney Thacker

R. J. Thacker

Bob Thacker

Tom Thacker

Tom Thacker

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